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ARIZONA LABOR MARKET INFORMATION NEWSLETTER

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Unemployment Rate

Seasonally Adjusted
March*

ARIZONA	5.6%
Maricopa County	4.6%
Pima County	4.6%
UNITED STATES	5.6%

Consumer Price Index

U.S. - February 1988
Base = 1982-84

Wage Earner/Clerical Worker -	114.7
% Chg. Year Ago	3.8
All Urban -	116.0
% Chg. Year Ago	3.9

Phoenix - 4th Qtr 1987
Base = 1977

All Urban -	202.7
% Chg. Year Ago	4.7

Tucson - 4th Qtr 1987
Base = 1st Qtr 1983

All Urban -	121.7
% Chg. Yr. Ago	4.6

*Preliminary

In This Issue:

The Shift to a Service Economy . . . 2
The Arizona Labor Force in March . . 10
LMI Publications--Hot off the Press 11
Arizona Labor Force Statistics . . . 12
Workers' Compensation 17
New Developments 20

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— Moving People Toward Self-Sufficiency

The Shift to a Service Economy

Much discussion and concern has been focused on the changing industrial structure of the U.S. economy. While the U.S. economy has been a service economy for many years, the increasing shift from goods production to services has raised fears of economic stagnation and inequality. Much of the current discussion has concentrated on the potential negative consequences of the continuing shift to services, with many implying that the growth in the service-producing industries has come at the expense of the goods-producing industries and that the growth in the service-producing industries is creating a bipolar wage structure. By comparing and contrasting the changing U.S. and Arizona industrial structures, much can be discovered concerning the possible consequences of such changes on Arizona's economy, because Arizona is following the same economic development path.

In analyzing changes in the industrial composition, it is important to use a time frame which is long enough to avoid the influence of the business cycle on the results but also short enough to have consistent data series. The period from 1970 extending through 1987 was used for this analysis because it meets these criteria. Also, for the purpose of this analysis, goods-producing industries refer to manufacturing, mining, and construction; while service-producing industries refer to transportation, communications, and public utilities (TCPU); trade; finance, insurance, and real estate (FIRE); services; and government.

THE NATIONAL INDUSTRIAL STRUCTURE

Nationally, manufacturing's share of employment has declined from 27.3 percent in 1970 to 18.7 percent in 1987. In 1970, the manufacturing industry was the largest source of employment in the country; today, it ranks third behind the services and trade sectors. The decline occurred mostly in the durable goods industries, especially those facing stiff foreign competition. The steel and automobile industries are examples. This tough foreign competition came from countries with more modern and efficient technologies and was exacerbated by the high value of the dollar relative to other currencies for most of the period from 1970 through 1986. Many nondurable manufacturing industries like textiles and clothing have also suffered from foreign competition.

Manufacturing's employment level has also dropped off. In 1987, manufacturing employment totaled 19.1 million, 1.6 percent below the 1970 level of 19.4 million. During the 1970s and 1980s, manufacturing employment has seen ups and downs, peaking in 1979 at 21 million and reaching a trough at 18.4 million after the 1981-82 recession. Thus far in the 1980s, manufacturing employment is, on average, lower than in the 1970s. Some analysts believe this downward trend in manufacturing could lead to economic stagnation in the future.

On the other hand, while the shares of the other two goods-producing industries, mining and construction, fell over the 1970-1987 period, both industries saw increases in employment. Mining employment in 1987 was up 119,000 (1.9 percent) over the 1970 level but has decreased from its 1979 peak. Construction employment expanded by over 1.4 million since 1970, but its share of employment decreased slightly from 5.1 to 4.9 percent. The employment gains in these industries more than offset the losses in manufacturing, meaning overall goods-producing employment has gained 1.3 million jobs since 1970, but the share of goods-producing employment has plunged from 33.3 percent to 24.4 percent.

The 1.3 million gain in goods-producing employment is trivial compared to the 29.9 million increase in service-related employment. Since 1970, the service-producing sectors' share of employment increased from 66.7 percent to 75.6 percent in 1987.

The shares of government and TCPU employment dropped somewhat, but their absolute levels have increased over time. Sectors exhibiting large increases in shares over time were trade and services. Virtually all of the increase in the trade share stemmed from gains in retail trade employment as opposed to wholesale trade. Within the services industry, all sectors showed healthy gains, but growth in business- and health-related services easily surpassed the other sectors. FIRE, the remaining service-related industry, increased its share to 6.5 percent compared to its 5.1 percent share in 1970.

The U.S. economy has been considered a service economy for nearly 40 years. Forty years ago, agriculture and mining were the foundations of Arizona's economy. Since then, the state has followed the same development path as the nation. In fact, Arizona now has a larger percent of employees in the service-producing industries than the nation. While there are similarities between the changes in the nation's and Arizona's industrial structures, some differences are apparent.

GOODS-PRODUCING INDUSTRIES

Since 1970, the state's manufacturing employment share has declined slightly; however, manufacturing employment has more than doubled--growing from 91,200 in 1970 to 187,500 in 1987. This shows that, while it may have declined relative to other industries, manufacturing employment continues to grow in Arizona.

The state's manufacturing strength comes from its large high-tech base, since approximately half of Arizona's manufacturing jobs are in the high-tech industries. These manufacturing industries include aerospace, electronic components, and computers. Although they have been struggling recently, these industries overall have been among the fastest growing in the goods-producing sectors.

Construction, the second largest of the three goods-producing industries, has increased its share of employment from 1970 despite a strong downturn in 1987. Influenced by Arizona's rapid population growth in the 1970s and 1980s, construction employment has nearly tripled.

Mining, which rounds out the goods-producing industries, was Arizona's only declining industry. Today, it is at half the level it was in 1970 and accounts for less than 1 percent of total employment. The copper mining industry has been particularly hard hit by foreign competition, and, while currently experiencing a modest recovery, it is not expected to gain back any of its employment share.

Overall, the goods-producing industries' share of employment has declined to 21.8 percent, down from 27.2 percent in 1970. This coincides with the national trend, but Arizona has experienced much greater growth in absolute terms. During the last 17 years, employment in the state's goods-producing industries increased by 102.2 percent, while the nation's grew only 5.5 percent. Much of Arizona's expansion can be attributed to population growth. The state's population grew 83 percent during the last 17 years, while the nation's population grew 20 percent.

SERVICE-PRODUCING INDUSTRIES

The service-producing industries in Arizona have grown rapidly since

UNITED STATES AND ARIZONA
WAGE AND SALARY EMPLOYMENT SHARES

	United States		Arizona	
	1970	1987	1970	1987
Manufacturing	27.3%	18.7%	16.7%	13.5%
Mining	0.9	0.7	3.8	0.8
Construction	5.1	4.9	6.8	7.4
TCPU*	6.4	5.3	5.5	5.2
Trade	21.2	23.6	23.2	24.5
FIRE**	5.1	6.5	5.6	6.8
Services	16.3	23.6	16.7	24.9
Government	17.7	16.7	21.8	16.8

* TCPU = Transportation, communications, and public utilities.
** FIRE = Finance, insurance, and real estate.

Note: Shares may not add to 100 percent because of rounding.

1970 when they accounted for 72.8 percent of total wage and salary employment. After adding over 684,00 new jobs, the share of service-producing jobs totaled 78.2 percent in 1987. In 1970, the trade sector was the largest employer of all industries. Presently, the services industry provides the most jobs with trade following behind. In 1987, services captured a 24.9 percent share of employment, slightly larger than trade's 24.5 percent share. Business- and health-related services led growth in the services sector, while growth in the trade sector was equally supported by both the wholesale and retail sectors.

Government has dropped from the second largest employer in the state to the third largest over the past 17 years. Last year, over 230,000 workers, nearly 17 percent of those employed, worked for the government. Reflecting the national trend, Arizona's government employment was fueled by gains at the state, local, and school levels, rather than at the federal. Despite gains in the absolute level of employment, the government sector is the one service-related industry which has experienced a major decline in its employment share since 1970.

The remaining service-producing industries maintained their respective employment ranks. FIRE retained its rank as the sixth largest employer, but its share increased from 5.6 percent in 1970 to 6.8 percent in 1987. The real estate industry grew at a slightly faster clip than the finance industry. Both industries together realized a gain of 64,000 employees since 1970. TCPU's share of employment remained fairly stable from 1970 through 1987, with a 5.5 percent share in 1970 and a 5.2 percent share in 1987. In absolute terms, however, TCPU employment more than doubled. Transportation industry growth outpaced growth in communications and public utilities, primarily because of the emergence of the metropolitan Phoenix area as a major regional transportation hub. The growth of public utilities is closely tied to the growth of the population but has been adversely affected by downturns in the business cycle.

ARIZONA'S INDUSTRIAL SHIFT

During the last 17 years, the shifts in Arizona's industrial structure have almost been a mirror image of the changes which occurred nationally. The service-producing indus-

tries' share of employment increased appreciably as the share of goods-producing employment plunged.

A "positive" note for Arizona was the strong growth in the level of manufacturing employment which contrasts with the decline nationally. This alleviates fears that Arizona's economy might be facing deindustrialization, or loss of its industrial base, but the national manufacturing employment decline does lead some to argue that the United States is suffering from deindustrialization.

On the service-producing side of the economy, Arizona's growth paralleled the nation's as health- and business-related services employment surged. Both nationally and in Arizona, employment levels in all service-producing industries have grown vigorously.

Within the state, the metropolitan and rural areas are following the same pattern of shifting industrial shares. However, there are major differences in the industrial composition of the metropolitan and nonmetropolitan counties. Since 1970, the shares of employment by industry in the rural counties have not changed markedly. Government was the largest employer in 1970 and currently maintains that position, accounting for over one-fourth of all nonmetropolitan jobs. The trade industry is the second largest employer followed by the services industry, which has sustained the strongest growth of all industries over the previous 17 years.

Except for mining, employment shares or growth did not vary greatly in the remaining industries within the nonmetropolitan counties. Since 1970, mining has dropped by one-third and has fallen from its status as the fourth largest employer with nearly 14,000 employees and now has just over 9,000 employees.

REASONS FOR THE SHIFT

That the shift to services is occurring at all levels of the economy and that the growth in services is taking place across the diverse spectrum of service industries show why there is no single causal explanation for the growth in service-producing industries relative to goods-producing industries. One way to examine the growth of the service-producing industries is to investigate the different industries classified by market and demand types to determine the factors influencing growth.

One group of service industries are those directly dependent upon the consumption patterns of individual consumers. Among these industries are retail trade, which includes eating and drinking establishments, food stores, and department stores; the hotel and lodging industry; as well as health, personal, and amusement services.

Since 1970 (and earlier), there have been major changes in consumption trends. Reasons for these changes are interrelated. First, rising incomes and affluence have altered consumption patterns in favor of services and goods that were once considered luxuries. Since 1970, Arizona per capita disposable income has increased nearly 30 percent, after adjusting for inflation. Second, the growth of two-income households limits the amount of time for individuals to do household tasks. Many families and individuals have found their leisure time to be more valuable than the expense of those services. The growth of two-income families corresponds to the large increase in the labor force participation rate of women. In 1970, the labor force participation rate of women was 43.3. Today, it is 56.7 and still increasing. With the growth in income and the number of

two-income and single-parent households, there has been a boom in the variety and number of goods and services demanded by, and consequently supplied to, consumers.

The growth in eating and drinking establishments is a good example of the effect of rising incomes and changing tastes on consumption patterns. Since 1970, employment in this sector has increased nearly fourfold, and its share of total employment has also increased. This trend is projected to continue both nationally and for Arizona.

Health services is another sector which has been profoundly influenced by changes in consumer preferences. With the escalating cost of medical care, consumers have demanded and received lower cost and more convenient care through health maintenance organizations and outpatient facilities. Some of the recent growth in health services is the result of the aging of the population; that is, as the general population grows older, it requires more medical care. Other consumer services which have enjoyed rapid growth and gains in employment share from the increased wealth and changing consumer attitudes are personal services and amusement services.

While the causes of the spectacular growth of consumer services can be generalized to cover all sectors, it is apparent that each industry has been influenced by factors unique to itself. Only by closely examining each of these industries can all the factors spurring the growth in consumer services be uncovered.

Unlike consumer services, business service companies are directly dependent upon other businesses as primary clients rather than on individual consumers. The business services industry is made up of seven major components: advertising; consumer credit reporting and collection agencies; mailing, reproduction, and stenographic services; services to buildings, including cleaning and maintenance services; personnel supply services, which includes temporary help supply companies and employment agencies; computer and data processing services; and miscellaneous business services, which is comprised of research and development, management and consulting, and security services.

With employment in business services increasing its employment level from 12,000 in 1970 to over 75,000 in 1987, growth in this sector outpaced all others. The growth of the individual industries varied widely, but computer and data processing services and personnel supply services have been the fastest growing, particularly in recent years. These industries supply a variety of services to business establishments on a fee-for-contract basis.

As in consumer services, there are many reasons behind the growth in business services. One reason for the growth is the desire for businesses to become more competitive in both domestic and international markets by reducing overhead costs. To accomplish this, organizations are transferring service activities, formerly performed by in-house staff, to firms which specialize in those activities. However, simply transferring the work to business services does not account for the explosive employment growth in this industry.

Among other explanations for the expansion of the business services industry is the effect of changes in business practices. Changes in business practices occur for many reasons such as the development of new technologies and innovations (e.g. computer hardware and software). Changes in the relative prices of inputs can also change business practices. This happened

in the 1970s when energy prices shot up, affecting both operating and transportation costs. Shifts in political, social, and economic conditions can also affect business practices which in turn can affect the business services industry.

In addition to the transfer of work to business services and changes in business practices, the increasing demand for information has spurred business services growth. As the cost of purchasing information declines, through computer and data processing firms spreading the costs over many users, firms' information demands and requirements grow. Likewise, management and business consulting services have spread the costs of acquiring technical knowledge in demography, economics, marketing, engineering, and other fields among many users.

Two more explanations for the boom in business services are the upsurge in the number of laws and regulations at all governmental levels and the expansion of foreign trade. There has been a huge increase in the number of laws and regulations at all governmental levels since 1970. Many of these laws deal with banking, construction, the environment, labor relations and safety, transportation, and other fields that touch on business interests. Many firms find it necessary to seek expert advice and assistance from the business services industry. The growth in foreign trade has brought about coincident growth in business services with additional growth caused by the export of business services.

The third group of services depends on both consumer and business demand. Included in this group are TCPU, FIRE, and government. In the TCPU sector, transportation holds the same employment share in 1987 that it did in 1970 (2.6 percent). Despite deregulation boosting employment in the transportation industry at both the national and state level and the emergence of metropolitan Phoenix as a southwestern hub, the transportation industry grew at the same pace as the state's economy. This shows that the industry's growth is contingent on the health of both the state and national economies. Although Arizona will continue to grow in popularity as a convention and vacation destination, the share of transportation employment should remain constant as the result of the consolidation of transportation businesses in both the trucking and airline industries. The communications and public utilities share of employment has actually declined since 1970. Arizona's vigorous population and business growth since the 1970s boosted the demand for these services, but employment growth was constrained by numerous technological advances in these fields.

In the FIRE industry, the real estate sector showed the strongest growth over the 1970-1987 period. Growth in this area was also propelled by the state's population boom and business growth. The growth stimulated residential and commercial construction which in turn resulted in a flourishing real estate market. Since 1970, employment in the real estate industry only experienced declines during the 1975-76 recession.

The employment share of the finance and insurance sectors has also increased. The growing demand for these services led to employment growth in spite of the consolidation and technological advances which occurred within the banking industry. Both consumers and businesses have been demanding a greater variety of and more services.

IMPLICATIONS FOR THE FUTURE

While it is generally acknowledged that the service-producing industries will continue to play an even

ARIZONA
GOODS-PRODUCING AND SERVICE-PRODUCING
EMPLOYMENT GROWTH RATES

greater role in our personal and professional lives, there is some debate as to whether a service-based economy can provide a sound economic foundation for the nation and Arizona. A key issue is whether services themselves create economic wealth or are merely the process by which wealth is redistributed. Others do not contest the ability of the service-producing industries to create wealth, but they maintain that the wage structures of the service-producing industries are bipolar. That is, the wages either fall at the high end or the low end of the spectrum, thus creating greater economic inequality. Some analysts contend that because the service-producing industries merely redistribute wealth and have a relatively low-paying wage structure, their relative growth will lead to economic instability.

In refuting the argument that a service-based economy is simply a means of transferring wealth and not creating it, one need only look at the fact that the United States has been a service-based economy for nearly 40 years, and the nation's gross output has increased across industries during that time. The increase in output is a reflection of both increased productivity in the goods-producing industries and also that the service-producing sectors do generate wealth. For example, services like data processing, accounting, and bookkeeping create tangible output which in turn creates wealth. Looking at gross national product (GNP) as a measure of economic growth, there has been a 46.5 percent increase in real terms since 1970. There are a number of other economic indicators such as income growth and the corresponding in-

crease in consumption expenditures which support the conclusion that the economy continues to grow and prosper as the services industries expand their share of the total economy.

Another reason for the concern about the shift away from goods-producing industries toward service-producing industries is the fear that this will lead to the disappearance of well-paying manufacturing jobs. It has been argued that the declining manufacturing industries have a large portion of middle-income earners while the growing services and high-tech industries have a bipolar wage structure. The shift among industries, therefore, will lead to a declining middle class. However, several studies have cast doubt on that assertion. While studies have found that middle-income jobs have declined slightly as a percentage of total employment, they also show that lower paying jobs have declined even further. Declines in some of the higher paying manufacturing industries have at least been matched by declines in lower paying manufacturing industries. This, however, does not confirm that there is no bipolarization, but it does not support the conclusion.

To support the conclusion that the shift from goods-producing to service-producing industries leads to bipolarization of earnings, the data would have to show that the distribution of low and high earnings occupations is concentrated in the service-producing industries. Earlier studies covering the period from 1960 to the mid-1970s backed up this conclusion, but more recent analyses indicate that the trend toward bipolarization of wages has subsided. Also, based on projections of employment and occupations, it is not likely to occur.

Studies which do state that the middle class is shrinking have found that this occurrence is the result of the increase in the number of young workers and the number of women who have entered the job market. These workers traditionally take lower paying jobs, resulting in a larger number of workers at the low end of the wage scale. This implies that it is changes in the structure of the labor force that may be causing any bipolarization of the wage structure and not the shift to services.

Examination of the graph showing growth rates in goods-producing and service-producing employment shows that the trend toward services has moderated business cycle swings. The service-producing industries have not been in recession since 1970. The goods-producing industries, on the other hand, have been in recession in five different years. This finds the contention that the shift to services will result in more economic instability invalid.

Economic growth in any area is directly related to the performance of its "export" industries. Surprisingly to many, there are services which are often directly exportable. In Arizona's case, two of these are tourism, generated through both recreational travel and business conventions, and the state's large retirement community. Neither tourists nor retirees who move to Arizona from other states contribute to the productive capacity of the state. Instead, they bring their incomes which were earned elsewhere and distribute them here in exchange for services. Because of the state's tourism and large retirement population, the state can support a larger proportion of service-based industries.

This analysis supports the hypothesis that the national and state economies have reached the third phase of economic development, grow-

ing from agricultural-based economies to manufacturing-based economies and finally to service-based economies. Service-based economies are not necessarily weaker and do not suggest that our economic future will be unstable. Instead, the shift to a service-based economy is inevitable and will ensure that the economy will continue to grow and thrive.

Rosemary Reardon

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The Arizona Labor Force in March

Arizona's unemployment rate edged back down to 5.6 percent in March as 5,500 more residents found jobs and 2,300 dropped from the ranks of the unemployed. Arizona's rate remained even with the nation's for the second straight month as it also dipped down. Maricopa County's rate dropped to 4.6 percent, while Pima County's remained steady at 4.6 percent.

The state's economy muddled through another month as the long-awaited, high-tech manufacturing recovery eluded us again, the construction industry prolonged its slide, and in-migration slowed. Overall, 4,900 wage and salary jobs were added in March for a 3.2 percent growth rate over the last 12 months. This rate of growth matches the nation's, but it is not noteworthy compared to Arizona's explosive growth in the recent past. The service-producing industries continue to drive the economy, while the goods-producing sectors struggle.

For another month, Arizona's high-tech machinery manufacturers failed to feel the effects of the nation's renewed export growth, adding only 100 jobs in March. At first glance, the announcement by the U.S. Commerce Department of the increase in the trade deficit would appear to be bad news for a resurgence of the state's machinery manufacturing industry. However, total exports grew 5.5 percent and exports of manufactured goods, in particular, rose 7.7 percent. This increase in the trade deficit is the first in four months and is considered an aberration. Also, the further drop in the trade-weighted value of the dollar should further stimulate U.S. export activity.

In the other manufacturing sectors, March statistics were mixed. As anticipated, the defense-related aircraft and missile industry extended its decline, dropping 100 more workers. The nondurable goods manufacturers were once again the mainstay of the manufacturing industry, gaining 200 new jobs for an increase of 1,200 over the last 12 months.

Continuing the downward slide, the construction industry lost another 800 jobs in March. Construction employment now totals 94,200, its lowest level in nearly four years. On the bright side, the loss of 800 jobs was the smallest drop since July 1987, perhaps indicating that the rate of decline has slowed. On the dark side, rising interest rates may stall any chance of a construction rebound this year. There will be additional upward pressure on interest rates if the Federal Reserve tightens monetary policy, as expected, to protect the dollar and suppress inflation.

The services industry added 3,000 new jobs in March with all sectors showing strength. Employment in the hotels and lodging industry jumped by 900, contributing to a 9.7 percent over-the-year growth rate. Business services gained 500, mostly in the temporary employment category. Health services advanced 700, and the remaining services classified as "other" picked up 900 new employees. Over-the-year growth in the services industry comes in at 6.7 percent, outpacing all other sectors except transportation, communications, and public utilities (TCPU).

In the other service-producing industries, overall performance was good. TCPU grew by 600 for an over-the-year growth rate of 7.3 percent. Trade and government each added 1,200 new workers in March which translated into growth rates of 2.7 percent and 5.3 percent over the previous 12 months. The finance, insurance, and real estate industry, reflecting gloomy conditions in the construction industry, fell for the third consecutive month, losing 400 jobs.

The outlook for the state's economy is sluggish as factors influencing Arizona's growth remain unchanged. The high-tech manufacturing industry will play a pivotal role in the state's economic future. Improvements will be seen if Arizona manufacturers respond to the nation's rebound in manufacturing exports. Otherwise, the economy will remain in the doldrums.

Rosemary Reardon

LMI Publications--Hot off the Press

The following new or recently revised publications prepared by the DES Research Administration can be ordered from the address on the back of this newsletter or by calling (602) 255-3871. One copy of each publication will be sent at no charge. Multiple copies are available at a nominal charge to help cover the cost of printing. Other DES offices can order these books directly from DES Supply.

The recently revised Central Pima County Major Employers Map (PAL-039A) is primarily designed for those seeking employment in the Tucson metropolitan area. The book lists the names, addresses, phone numbers, and industry classifications of major employers in Pima County. A coded map is included for those unfamiliar with the area. In addition, the book has a list of large shopping centers and a major street guide. A similar book is also available for central Maricopa County.

Helpful Hints for Job Seekers (PAL-106) provides tips on how to conduct an organized job search. It mentions some of the most common mistakes made by job seekers and how to avoid them. The booklet includes techniques to improve the job search and to keep the job after obtaining it.

March 1988 (in thousands)

	ARIZONA					MARICOPA COUNTY					PIMA COUNTY				
	Mar.* 1988	Feb. 1988	Mar. 1987	-- Amt Change -- Feb. to Mar.	1987 to 1988	Mar.* 1988	Feb. 1988	Mar. 1987	-- Amt Change -- Feb. to Mar.	1987 to 1988	Mar.* 1988	Feb. 1988	Mar. 1987	-- Amt Change -- Feb. to Mar.	1987 to 1988
TOTAL CIVILIAN LABOR FORCE**	1641.0	1637.8	1612.5	+3.2	+28.5	1015.1	1012.3	997.8	+2.8	+17.3	314.6	313.6	307.2	+1.0	+7.4
Total Unemployment	90.6	92.9	103.5	-2.3	-12.9	46.8	47.8	54.9	-1.0	-8.1	14.4	14.8	16.4	-0.4	-2.0
Rate	5.5	5.7	6.4	---	---	4.6	4.7	5.5	---	---	4.6	4.7	5.3	---	---
Rate (Sea. Adj.)***	5.6	5.7	6.5	---	---	4.6	4.7	5.5	---	---	4.6	4.6	5.4	---	---
Total Employment	1550.4	1544.9	1509.0	+5.5	+41.4	968.3	964.5	942.9	+3.8	+25.4	300.2	298.8	290.8	+1.4	+9.4

The Above Labor Force Statistics Should Not Be used for Economic Assistance Programs

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK

TOTAL WAGE AND SALARY	1422.7	1417.8	1378.5	+4.9	+44.2	935.5	932.4	907.9	+3.1	+27.6	252.5	251.4	244.1	+1.1	+8.4
Manufacturing	187.3	187.2	186.1	+0.1	+1.2	136.7	136.6	135.0	+0.1	+1.7	30.6	30.6	30.8	+0.0	-0.2
Durable Goods	144.9	145.0	144.9	-0.1	+0.0	106.6	106.8	106.2	-0.2	+0.4	25.0	25.0	25.4	+0.0	-0.4
Stone, Clay and Glass	7.4	7.3	8.2	+0.1	-0.8	4.7	4.8	5.5	-0.1	-0.8					
Primary and Fabricated Metals	15.8	15.8	15.6	+0.0	+0.2	10.8	10.9	10.8	-0.1	+0.0					
Primary Metals	7.3	7.3	7.2	+0.0	+0.1										
Fabricated Metals	8.5	8.5	8.4	+0.0	+0.1										
Machinery	65.3	65.2	64.3	+0.1	+1.0	52.0	51.8	51.3	+0.2	+0.7					
Other Durable Goods	56.4	56.7	56.8	-0.3	-0.4	39.1	39.3	38.6	-0.2	+0.5					
Aircraft and Missiles	26.6	26.7	27.7	-0.1	-1.1										
Lumber and Wood Products (Except Furniture)	8.3	8.4	8.2	-0.1	+0.1										
All Other Durable Goods	21.5	21.6	20.9	-0.1	+0.6										
Nondurable Goods	42.4	42.2	41.2	+0.2	+1.2	30.1	29.8	28.8	+0.3	+1.3	5.6	5.6	5.4	+0.0	+0.2
Food and Kindred Products	9.1	9.0	8.9	+0.1	+0.2	6.1	6.1	6.0	+0.0	+0.1					
Apparel	4.0	4.0	4.8	+0.0	+0.1	3.7	3.6	3.4	+0.1	+0.3					
Printing and Publishing	16.3	16.3	16.2	+0.0	+0.1	11.6	11.5	11.6	+0.1	+0.0					
All Other Nondurable Goods	12.1	12.0	11.3	+0.1	+0.8	8.7	8.6	7.8	+0.1	+0.9					
Mining and Quarrying	11.8	11.8	11.2	+0.0	+0.6	0.6	0.6	0.6	+0.0	+0.0	1.7	1.7	1.6	+0.0	+0.1
Copper Mining	8.8	8.8	8.3	+0.0	+0.5										
Other Mining and Quarrying	3.0	3.0	2.9	+0.0	+0.1										
Construction	94.2	95.0	102.7	-0.8	-8.5	62.8	63.5	70.3	-0.7	-7.5	18.8	18.7	19.3	+0.1	-0.5
Trans., Communications, and Public Utilities	75.0	74.4	69.9	+0.6	+5.1	50.7	50.7	46.9	+0.0	+3.8	9.8	9.8	9.3	+0.0	+0.5
Transportation	37.5	37.4	33.6	+0.1	+3.9	26.7	26.8	23.8	-0.1	+2.9	4.9	4.9	4.7	+0.0	+0.2
Communications and Public Utilities	37.5	37.0	36.3	+0.5	+1.2	24.0	23.9	23.1	+0.1	+0.9	4.9	4.9	4.6	+0.0	+0.3
Trade	347.8	346.6	338.5	+1.2	+9.3	234.5	233.3	231.2	+1.2	+3.3	57.4	57.3	54.9	+0.1	+2.5
Wholesale Trade	70.1	70.0	67.4	+0.1	+2.7	54.5	54.3	53.2	+0.2	+1.3	8.2	8.1	7.6	+0.1	+0.6
Retail Trade	277.7	276.6	271.1	+1.1	+6.6	180.0	179.0	178.0	+1.0	+2.0	49.2	49.2	47.3	+0.0	+1.9
General Merchandise and Apparel	42.7	42.7	41.2	+0.0	+1.5	27.5	27.6	26.7	-0.1	+0.8	7.4	7.4	7.1	+0.0	+0.3
Food Stores	45.7	45.9	43.3	-0.2	+2.4	29.1	29.3	28.1	-0.2	+1.0	7.8	7.8	7.2	+0.0	+0.6
Automotive and Service Stations	32.7	32.8	31.4	-0.1	+1.3	20.2	20.1	19.5	+0.1	+0.7	5.5	5.6	5.3	-0.1	+0.2
Eating and Drinking Places	100.1	98.7	98.4	+1.4	+1.7	64.5	63.2	64.1	+1.3	+0.4	18.5	18.5	18.0	+0.0	+0.5
Other Retail Trade	56.5	56.5	56.8	+0.0	-0.3	38.7	38.8	39.6	-0.1	-0.9	10.0	9.9	9.7	+0.1	+0.3
Finance, Insurance, and Real Estate	94.2	94.6	93.0	-0.4	+1.2	74.7	75.0	73.5	-0.3	+1.2	12.4	12.4	12.9	+0.0	-0.5
Services and Miscellaneous	361.8	358.8	339.1	+3.0	+22.7	244.3	242.0	228.5	+2.3	+15.8	68.4	68.1	64.2	+0.3	+4.2
Hotels and Other Lodging Places	40.8	39.9	37.2	+0.9	+3.6	24.0	23.6	22.2	+0.4	+1.8	7.4	7.2	6.5	+0.2	+0.9
Business Services	77.8	77.3	72.4	+0.5	+5.4	62.5	62.1	57.2	+0.4	+5.3	11.0	10.9	11.1	+0.1	-0.1
Health Services	90.6	89.9	83.8	+0.7	+6.8	50.8	50.1	44.7	+0.7	+5.1	19.2	19.1	17.9	+0.1	+1.3
Other Services	152.6	151.7	145.7	+0.9	+6.9	98.0	97.2	94.4	+0.8	+3.6	30.8	30.9	28.7	-0.1	+2.1
Government	250.6	249.4	238.0	+1.2	+12.6	131.2	130.7	121.9	+0.5	+9.3	53.4	52.8	51.1	+0.6	+2.3
Federal	42.5	42.5	42.0	+0.0	+0.5										
State and Local	208.1	206.9	196.0	+1.2	+12.1										
School	123.8	123.0	115.6	+0.8	+8.2										

* Preliminary
** Labor force, unemployment, and employment are reported by place of residence.
*** Normal seasonal variations have been eliminated to reflect underlying economic trends.
NOTE Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Arizona Labor Force and Employment

March 1988 (in thousands)

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK

-- Prepared by Arizona Department of Economic Security, Research Administration (CPS, 1/88)

Nonmetropolitan Counties
Labor Force and Employment
March 1988

	Apache	Cochise	Coco-nino	Gila	Graham	Green-lee	La Paz
CIVILIAN LABOR FORCE*	14,775	34,925	41,525	12,500	7,825	3,050	4,925
Total Unemployment	2,350	2,850	3,225	1,575	775	325	350
Rate	15.9%	8.2%	7.8%	12.6%	9.9%	10.7%	7.1%
Rate (Seas. Adj.)**	16.5%	7.8%	7.8%	12.2%	9.9%	10.1%	7.1%
Total Employment	12,425	32,075	38,300	10,925	7,050	2,725	4,575
THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED FOR ECONOMIC ASSISTANCE PROGRAMS							
TOTAL WAGE AND SALARY	15,175	25,175	38,175	10,500	5,000	2,975	3,275
Manufacturing	825	1,225	2,825	1,300	200	75	225
Mining & Quarrying	25	100	150	1,350	0	1,600	50
Construction	925	1,125	1,525	650	200	275	125
T.C.P.U.	2,225	1,550	3,000	400	150	50	75
Trade	1,500	5,450	8,725	2,300	1,325	225	1,075
F.I.R.E.	350	650	800	275	125	25	100
Services & Misc.	4,375	4,475	9,625	1,625	850	125	825
Government	4,950	10,600	11,525	2,600	2,150	600	800

	Mohave	Navajo	Pinal	Santa Cruz	Yavapai	Yuma
CIVILIAN LABOR FORCE*	30,400	26,275	38,200	9,850	35,775	51,250
Total Unemployment	1,900	3,325	3,325	750	2,325	6,275
Rate	6.3%	12.7%	8.7%	7.6%	6.5%	12.2%
Rate (Seas. Adj.)**	6.1%	12.4%	8.7%	9.0%	6.4%	16.0%
Total Employment	28,500	22,950	34,875	9,100	33,450	44,975
THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED FOR ECONOMIC ASSISTANCE PROGRAMS						
TOTAL WAGE AND SALARY	21,625	20,125	31,025	9,750	24,025	27,900
Manufacturing	2,950	1,825	3,575	1,150	2,250	1,625
Mining & Quarrying	325	1,225	3,825	0	725	100
Construction	1,600	1,000	1,475	300	2,050	1,400
T.C.P.U.	1,200	1,775	1,225	600	850	1,350
Trade	6,025	3,950	5,675	4,350	6,500	8,750
F.I.R.E.	1,050	400	825	425	1,075	1,000
Services & Misc.	4,750	4,775	4,600	1,375	5,250	6,450
Government	3,725	5,175	9,825	1,550	5,325	7,225

* Adjusted to the Current Population Survey (CPS) to reflect place of residence.
** Seasonal adjustment not applicable for economic assistance programs.

T.C.P.U. = Transportation, Communications, and Public Utilities
F.I.R.E. = Finance, Insurance, and Real Estate

Prepared in conjunction with the U.S. Department of Labor, Bureau of Labor Statistics.

Arizona Labor Force and Employment for Economic Assistance Programs March 1988

County	Civilian Labor Force	Employment	Unemployment	Rate
Statewide	1,640,941	1,550,364	90,577	5.5%
Apache	14,774	12,415	2,359	16.0
Cochise	34,930	32,088	2,842	8.1
Coconino	41,515	38,287	3,228	7.8
Gila	12,510	10,924	1,586	12.7
Graham	7,817	7,030	787	10.1
Greenlee	3,057	2,729	328	10.7
La Paz	4,933	4,588	345	7.0
Maricopa	1,015,149	968,300	46,849	4.6
Mohave	30,402	28,497	1,905	6.3
Navajo	26,271	22,936	3,335	12.7
Pima	314,525	300,174	14,351	4.6
Pinal	38,202	34,888	3,314	8.7
Santa Cruz	9,842	9,080	762	7.7
Yavapai	35,768	33,455	2,313	6.5
Yuma	51,246	44,973	6,273	12.2

These figures are the only official BLS labor statistics to be used for revenue sharing purposes. They are not designed to be used as economic indicators.

NOTE: Series for Yuma and La Paz counties start January 1983. Data are not comparable to any past series.

Arizona Unemployment Insurance Activities February 1988

	February 1988	January 19881	February 1987	% Change From One Year Ago
Claimants Served*	30,875	30,097	33,188	-7.0%
Avg. Weeks Unemployed**	8.2	8.6	8.6	-5.4%
Benefits Paid*	$11,030,411	$10,756,176	$12,025,265	-8.3%
Trust Fund Balance	$421,045,357	$409,083,974	$388,735,457	8.3%

*All Programs **UI Only

Estimated Hours and Earnings of Production Workers in Selected Industries Arizona

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	Mar.* 1988	Feb. 1988	Mar. 1987	Mar.* 1988	Feb. 1988	Mar. 1987	Mar.* 1988	Feb. 1988	Mar. 1987
Manufacturing	405.49	398.37	399.78	41.0	40.9	40.3	9.89	9.74	9.92
Aircraft & Missiles	INA	INA	498.97	INA	INA	41.0	INA	INA	12.17
Food & Kindred Prod.	347.26	361.17	398.24	38.8	39.3	41.7	8.95	9.19	9.55
Primary Metals	467.64	451.91	466.34	38.3	38.2	38.1	12.21	11.83	12.24
Machinery	410.27	403.66	377.67	41.4	41.7	39.3	9.91	9.68	9.61
Copper Mining	525.37	511.70	486.82	42.3	41.5	40.3	12.42	12.33	12.08
Construction	441.78	419.37	419.26	37.0	35.6	35.5	11.94	11.78	11.81
Utilities	641.69	613.30	646.51	42.3	41.3	44.1	15.17	14.85	14.66
Retail Trade**	245.34	244.94	238.70	32.8	32.4	32.3	7.48	7.56	7.39
Wholesale Trade	384.91	384.54	385.36	39.6	39.0	40.1	9.72	9.86	9.61

Estimated Hours and Earnings of Production Workers in Selected Industries Maricopa County

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	Mar.* 1988	Feb. 1988	Mar. 1987	Mar.* 1988	Feb. 1988	Mar. 1987	Mar.* 1988	Feb. 1988	Mar. 1987
Manufacturing	430.76	432.63	430.76	41.3	41.4	41.3	10.43	10.45	10.43
Construction	447.62	432.18	422.96	36.6	35.6	35.1	12.23	12.14	12.05
Retail Trade**	263.81	268.59	264.99	33.1	33.2	33.0	7.97	8.09	8.03
Wholesale Trade	397.79	404.79	388.48	39.7	39.3	39.6	10.02	10.30	9.81

Estmated Hours and Earnings of Production Workers in Selected Industries Pima County

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	Mar.* 1988	Feb. 1988	Mar. 1987	Mar.* 1988	Feb. 1988	Mar. 1987	Mar.* 1988	Feb. 1988	Mar. 1987
Manufacturing	369.02	374.79	341.03	38.6	39.0	37.6	9.56	9.61	9.07
Copper Mining	550.41	539.75	471.23	42.8	42.3	39.8	12.86	12.76	11.84
Construction	379.13	369.60	371.77	35.4	35.2	36.7	10.71	10.50	10.13
Utilities	579.30	580.03	547.96	42.1	42.4	41.2	13.76	13.68	13.30

*Preliminary.
**Excludes eating and drinking places.

Note: These estimates are based on a sample of full- and part-time production and related employees whose payroll and hours are reported for the pay period which includes the 12th of the month. Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Workers' Compensation

The history of workers' compensation goes back to 1908 when the first effective compensation law in the United States was enacted, providing limited benefits for certain federal employees engaged in hazardous work. Today, there are workers' compensation programs in all 50 states and federal programs to cover workers in the District of Columbia, federal government employees, and longshore and harbor workers.

Workers' compensation provides medical and income protection to workers whose disability is the result of a work-related injury or illness. It also provides survivor benefits to the dependents of workers whose death results from a job-related accident or an occupational disease. Proof of employer negligence is not a prerequisite to qualify.

The state programs are generally administered by industrial commissions or special units within state departments of labor. The federal programs are administered by the U.S. Department of Labor (except in the District of Columbia).

Back in 1925, the Arizona legislature passed laws relating to workman's compensation and established a no-fault insurance plan which is fully paid by the employer. Today, nearly every employed Arizonan is covered by workers' compensation.

In Arizona, the Industrial Commission administers the workers' compensation law. It hears disputed claims and regulates the benefits provided by all insurance carriers. It also sets safety standards, enforces state and federal safety regulations, and enforces labor laws.

The Department of Insurance, on the other hand, regulates and approves rates for all insurance carriers in Arizona. Premium rates are authorized based on information supplied by the National Commission on Compensation Insurance (NCCI) and the experience of Arizona workers' compensation claims.

As of October 1, 232 amendments had been enacted in 1987 by 38 states affecting workers' compensation. Significant changes were made concerning medical care and vocational rehabilitation in 18 states. Seven states revised occupational disease statutes. In Oregon, the statute of limitations for filing claims was reduced from five years to one year. Other laws were enacted regarding insurance, attorney fees, penalties, and fines to cover violations.

The Arizona state legislature also made some amendments to the workers' compensation laws in 1987, including the following:

1. Handicapped clients enrolled in vocational training programs offered by nonprofit organizations may now be covered for workers' compensation at the option of the organization.

2. Effective July 1, 1987, lump-sum compensation payments for certain types of disability or for death may be received up to a maximum of $50,000.

3. A definition for "loss of use" was added to the law for purposes of compensating partial disabilities.

4. A new provision provides for a 25 percent penalty based on any previously awarded benefits for charges of unfair claims processing or bad faith practices by an employer, insurer, or others who handle claims.

Employers generally provide compensation through private or commercial

Table 1

ESTIMATES OF WORKERS' COMPENSATION
(In Thousands)

	Arizona			United States		
	1984	1985*	% Change	1984	1985*	% Change
Total benefit payments	$165,243	$197,571	19.6	$19,685,368	$22,470,112	14.1
Private Insurance**	92,518	108,643	17.4	10,609,775	12,334,404	16.3
State/Federal Fund	57,703	70,967	23.0	5,404,553	5,873,584	8.7
Self Insurance	15,022	17,961	19.6	3,671,040	4,262,124	16.1

* Preliminary data

** Data primarily from A.M. Best Company, a national data-collecting agency for private insurance.

SOURCE: Social Security Bulletin, January 1988.

Table 2

WORKERS' COMPENSATION BENEFIT PAYMENTS BY TYPE OF INSURER
SELECTED YEARS, 1939-1985

Year	Amount in Billions of $	Private Insurance	State and Federal Funds	Self Insurance
1939	0.2	52.0%	29.2%	18.8%
1960	1.3	62.5%	25.1%	12.4%
1974	4.8*	61.8%	23.4%	14.8%
1984	18.0*	58.8%	20.9%	20.3%
1985	20.9*	59.1%	20.5%	20.4%

* Excludes Black Lung program.

SOURCE: Social Security Bulletin, January 1988.

insurance, publicly operated insurance, or self insurance (used primarily by large employers who are able to provide proof of financial ability to carry their own risk).

In the United States, both the amount of benefits to workers and the costs to employers rose substantially from 1984 to 1985. A total amount of $22.5 billion was paid as benefits in 1985, an increase of 14.1 percent from the amount paid in the previous year. These payments were made by 50 state programs, the District of Columbia, two federal programs, and the Black Lung program. Table 1 compares workers' compensation benefit payments in 1984 and 1985.

Benefits in the regular category went up by 15.6 percent in 1985, whereas benefits in the Black Lung program declined by 2.3 percent. The downward trend is expected to continue as older beneficiaries die and a smaller number of new claims is added.

Overall, benefit payments have increased in the last 15 years. Contributing to the increase are the Black Lung program that began in 1970, inflationary increases in wages and medical costs, improvement in state statutory benefit formulas, and the increasing frequency and extent of injuries and illness.

As mentioned above, workers' compensation can be provided by three different methods. Private insurance companies paid nearly 60.0 percent of all benefits, while state fund and self-insured companies together paid the other 40.0 percent. The percent of benefits paid by private insurance companies has remained about the same in the last few years.

On the other hand, the cost of workers' compensation was estimated at $2.93 billion, an increase of nearly 17.0 percent over the cost in the previous year. The cost represents outlays for the payment of current benefits as well as reserves for future benefits, sales and operating costs, rehabilitation costs, claims administration, profits, and taxes.

There are nearly 240 companies in Arizona which write workers' compensation insurance policies for employers. The 1986 National Association of Insurance Companies Market Share Report reveals that $362.4 million of direct premium were earned by these companies. The report also shows that the Arizona State Compensation Fund received nearly 40.1 percent of the "direct premium earned". In the same year, the "direct losses incurred" (to make present and future payments) by these companies was $302.4 million. The loss ratio, which represents the proportion of premium dollar returned to the insured worker in the form of cash and medical services, was .84 in 1986.

Total benefit payments in Arizona during 1985 amounted to $197,571, an increase of about 19.6 percent from the previous year. Private insurance companies paid nearly 55.0 percent of that total, followed by state and federal funds at 30.0 percent.

Jalal Ahmad

SOURCES:

LaVerne C. Tinsley, "State Workers' Compensation: Legislation Enacted in 1987," Monthly Labor Review, January 1988.

William J. Nelson, Jr., "Workers' Compensation: Coverage, Benefits, and Costs, 1985," Social Security Bulletin, January 1988.

State Compensation Fund, 3031 North Second Street, Phoenix, Arizona 85012.

New Developments

"New Developments" is featured each month as a service to employers and job seekers. It is a compilation of public announcements of the more significant new construction, grand openings, major hirings and layoffs, and other employer events that have special significance for Arizona labor markets. The announcements are paraphrased and otherwise edited from articles published in newspapers and other periodicals from throughout the state. "New Developments" is limited to space available, and no attempt is made to compile an exhaustive list of all such events that have occurred during the month.

HOSPITALS - Rehab Systems Co. of Camp Hill, Pennsylvania, has broken ground on a 60-bed rehabilitation hospital near 67th Avenue and Thunderbird Road in Phoenix. The $8.5 million facility will be the first free-standing rehabilitation hospital in Arizona. As many as 200 people will be employed at the facility when it is completed around the end of the year.

EDUCATION - The following school-bond issues have been passed in Valley school districts:

- Phoenix Union High School District--$168 million to renovate and repair eight high schools and a vocational institute, purchase educational equipment, improve programs for handicapped students, and consolidate administrative and business operations.
- Mesa Public Schools--$157 million to build a new high school, three junior high schools, and 12 elementary schools and to buy land and remodel existing schools.
- Scottsdale Unified School District--$126.6 million to build three elementary schools, a middle school, a high school, and a vocational-technical school; to buy land for seven school sites and equipment for new and existing schools; and to remodel existing schools.
- Madison Elementary School District--$24.9 million to repair and remodel six schools.
- Fowler Elementary School District--$7 million to build a school and an administrative-office complex, to acquire land, and to expand Sunridge School.
- Agua Fria Union High School District--$15.9 million to construct new facilities, remodel a cafeteria, and purchase land for a future school.

The Apache Junction Elementary School is under construction on Broadway Avenue between Goldfield and Mountain View roads. The 77,000-square-foot facility will have 31 regular and five special education classrooms, administrative offices, and an exterior amphitheater. Eight hundred students are expected to attend the new school in 1989.

TRANSPORTATION - The Tucson dispatching center of Southern Pacific Transportation Co. will be moved to Houston, Texas. The 1989 move will affect about 45 dispatchers who monitor train movements and crew assignments in Arizona. Twelve dispatch centers in the Midwest and West will be consolidated into three locations. The employees will be asked to relocate.

Construction soon will begin on a $5 million corporate terminal at Sky Harbor International Airport in Phoenix. Plans include a 10,000-square-foot terminal with lounges, a flight planning room, a conference room, showers, an exercise room, a gift shop, a patio and swimming pool

area, and a delicatessen. Also, a 28,000-square-foot hangar and office area will be built for overnight or long-term aircraft storage and complete aircraft maintenance services.

DEVELOPMENT - The Chandler Airpark Economic Development Corp. is coordinating the development of a major industrial park near the Chandler Municipal Airport. The corporation plans to put $36 million into the project over the next ten years along with a possible $20 million from city, state, and federal sources. The development, which is keyed to expansion of the airport, is expected to employ about 35,000 people by the year 2005.

Construction has begun on Scottsdale Pavilions, an 800,000-square-foot, mixed-use project to be located at the northeast corner of Pima and Indian Bend roads. The development, scheduled for completion in February 1989, will include national department stores, specialty shops, restaurants, a health club, a multiscreen movie theater, and a 200-room business hotel.

Woodlands Village is a 455-acre project being developed in Flagstaff. Located across I-17 from Northern Arizona University, the development will include an 81,922-square-foot Wal-Mart store, an 18,000-square-foot Mountain Bell facility, a 32,000-square-foot Woodlands Center showroom/warehouse, a 230-unit Cienega Apartment Complex, Flagstaff Engineering, and a Roman Catholic parish church.

Ryland Homes will be developing a 17.6-acre site at Red Mountain Ranch, a Mesa subdivision located on Bush Highway north of Thomas Road. The company will build 70 homesites, a park area, and a 1.25-acre greenbelt along Recker Road. The homes will range in size from 1,450 to 2,100 square feet and be priced from $98,000 to $118,000.

The Goodyear City Council has approved plans for The Goodyear City Center, a 40-acre, mixed-use development to be located at Yuma and Reems roads. When completed in 1990, the city-owned project will include a new city hall, a library, a museum, an exposition hall, an activity center, a hotel, and retail and commercial buildings. Construction is expected to begin in the spring of 1989.

The Deck at Central Avenue, a $75 million park, is being built on top of the Papago Freeway between Third Street and Third Avenue south of McDowell Road in Phoenix. Preliminary plans for the 29-acre park include grassy areas, trees, picnic areas, ponds, fountains, cafes, Japanese gardens, a walkway with space for public art exhibits, parking, an amphitheater with seating for 1,000, and a large field that could hold 20,000 people for festivals. A bus station will be built below the park. The park is expected to open in early 1990.

Construction is under way on a 240-unit retirement community at 17400 North 88th Avenue in the Valley. Called Sierra Winds, the $14.2 million community will feature a health care center, a putting green, and shopping and dining facilities. Completion of the 366,000-square-foot project is scheduled for March 1989.

HOTELS - The Thunderbird Resort at South Mountain is being planned for 169 acres at Seventh Street and Dobbins Road in Phoenix. The resort will include a 500-room hotel and an 18-hole golf course. Ground should be broken within a year, with completion expected by 1991.

Construction is under way on Fountain Hills Resort, a 120-suite hotel being built near the Mayo Clinic. The resort, to be completed in

December, will include ten buildings, a restaurant, a lounge, and meeting facilities.

A $4.8 million Comfort Suites hotel is being planned for 67th Avenue and Interstate 10 in Phoenix. The new hotel will include 126 units, a pool and whirlpool, heavily landscaped grounds and complimentary continental breakfasts.

MANUFACTURING - Learjet Corp. is moving its aircraft-manufacturing operations from Tucson to Wichita, Kansas. About 50 to 100 jobs will be eliminated and up to 250 jobs transferred. The cost-cutting consolidation will begin in May and be completed by mid-November.

Inertia Dynamics Corp. of Chandler has announced a three-phase, five-year expansion program. Employment could increase 100 to 200 workers by March 1989, 300 to 400 by 1991, and 1,200 by 1993. The firm designs and manufactures hand-held, gasoline-powered grass and weed trimmers and leaf blowers.

The first phase will be a $2 million addition of 82,000 square feet of manufacturing space that should be under construction by June 1, 1988. Phase 2 will be construction of a 60,000-square-foot warehouse to be completed in 1990. The final phase will consist of 150,000 square feet of space for manufacturing and warehousing.

Sea Ray Boats has laid off a considerable amount of its 500-member work force in Phoenix as the result of an inventory reduction.

The Tactical Electronics Division of Motorola's Government Electronics Group in Scottsdale has received a $37.1 million contract from the Army to make 60,834 electronic bomb fuses.

Optifab Inc. is investing more than $5.5 milion in equipment and tenant improvements for a new 55,000-square-foot facility at 1000 South Priest in Tempe. The company, which designs, engineers, and manufactures aerospace interconnect systems, will be consolidating its Phoenix operations at the new facility this summer. In the next five years, the firm intends to more than double its current 100-plus work force.

Hughes Aircraft Co. has cut its work force in Tucson by about 600 technical and administrative positions. The cuts are a result of defense-budget constraints and lowered anticipated missile production.

CONSTRUCTION - A 6,963-yard, par 72 golf course is under construction at Arizona State University in Tempe. The $6.5 million course, to be located between Scottsdale and Hayden roads south of the Rio Salado, will be open to the public but will be primarily for the ASU golf program and the ASU community.

Los Arcos Crossing, a Scottsdale shopping center at Miller and McDowell roads, is undergoing a $12 million expansion and renovation. All existing buildings will be remodeled, and about 85,000 square feet of space will be added. The first phase of construction is scheduled for completion next spring.

The Gainey Corporate Center is a $60 million office complex planned for the northeastern corner of Double Tree Ranch Road in Scottsdale. The first phase of the 317,500-square-foot project is a two-story building with 117,000 square feet. Ground breaking is scheduled for later this year and completion set for mid-1989.

Construction has begun on Bogel Business Park, a $7.5 million project being built on Pecos Road east of Arizona Avenue in Chandler. The

park will include 43 lots and a rail-service dock. Possible tenants are a bulk oil distributor, a landscape firm, and several lumber companies.

American Continental Corp. and the Koll Co. are planning to build four midrise office buildings at 25th and Dunlap avenues in Phoenix. The $80 million project near Metrocenter will include 600,000 square feet. The first phase will be a six-story, 140,000-square-foot building scheduled to start construction during the third quarter of this year.

Construction is expected to begin soon on One Sunvalley Center, a $6.5 million office project in Mesa. The 87,000-square-foot building will be located at the northwest corner of East Main Street and Sunvalley Boulevard. Some of the offices in the five-story building will feature open air balconies, and underground parking will be included.

Richmond American Homes Inc. will be opening a 323-house subdivision within Rita Ranch, a 2,884-acre property near South Houghton Road and Interstate 10 in Tucson. The three- and four-bedroom, single-family homes will be priced from $80,000 to $110,000.

REAL ESTATE - RE/MAX International Inc., a Denver-based real estate network, has opened a regional office at 8320 North Hayden Road in Scottsdale and is planning at least 21 franchised offices throughout Arizona by the end of this year. One office has already been established in Tempe and two in Scottsdale, while new sites are planned for Tucson, Flagstaff, Yuma, Mesa, Tempe, and other parts of the Valley. The typical office will employ 25 associates.

RETAIL TRADE - A subsidiary of Round the Corner Restaurants Inc., Good Times! Drive Thru Burgers Inc., is planning to open 30 restaurants in Arizona within the next three years. One-minute service will be emphasized.

Ground has been broken on the first major shopping center for Sierra Vista. The $15 million center should be completed in November, creating 600 to 800 permanent jobs. Tenants will include Wal-Mart, J. C. Penney Co., one other major store, and up to 50 other shops.

McDowell Corners, a $4.9 million strip center, is under construction at the southeast corner of McDowell and 43rd Avenue in Phoenix. Tenants at the 80,000-square-foot center will include Mega Foods, Walgreen's, Subway, Kentucky Fried Chicken, and Waffle House.

MINING - Cyprus Minerals Co. will be reopening the Twin Buttes copper mine. The company will start operations at the mine, 25 miles south of Tucson, on a small scale and begin copper production in the second half of the year. Employment could reach 300 in two to three years. Supervisors and planners will most likely be recruited from other Cyprus operations. Additional employees will be hired in the Tucson area.

QUALITY OF LIFE - Economists from the University of Kentucky and Michigan State University have ranked Tucson as tenth among 253 urban areas for the quality of life it offers. Each area was assigned a dollar figure which represents the amount that people are willing to pay to live in desirable areas versus the amount that they must recieve in terms of wages or housing costs to live in less desirable areas. Residents of Tucson were willing to pay nearly $3,200 a year more to live there than in St. Louis, which was ranked at the bottom of the list. The top ranked area was Pueblo, Colorado. Phoenix was ranked 36th.

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